

ELLIS LAWHORNE

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April 20, 2005

VIA ELECTRONIC MAIL AND HAND-DELIVERY

Charles L.A. Terreni, Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia SC 29210

RECEIVED
2005 APR 20 PM 12:33
SC PUBLIC SERVICE
COMMISSION

RE: Application of Lake Wylie Community Utilities, Inc. for Adjustment in
Rates and Charges for Water and Sewer Services
Docket No. 2004-353, Our File No. 751-10186

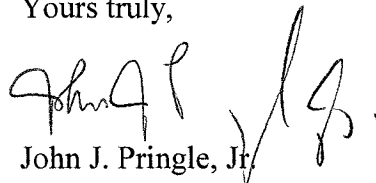
Dear Mr. Terreni:

Enclosed for filing please find an original and twenty-five (25) copies of the
Rebuttal Testimony of John C. Malpeli and the **Rebuttal Testimony of James Yokum, Jr.**
for filing on behalf of Lake Wylie Community Utilities, Inc. in the above-referenced docket.

Please stamp "received" the additional copy of this letter, and return with the
bearer of these documents.

With kind regards, I am

Yours truly,


John J. Pringle, Jr.

jjp/cr

Attachments

cc: Office of Regulatory Staff (via electronic and first-class mail service)
Mr. John Malpeli (via first-class mail service)
All parties of record (via first-class mail service)

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SC PUBLIC AFFAIRS
COMMISSION

Application of Lake Wylie Community Utilities, Inc. for Adjustment in Rates And Charges for Water and Sewer Services

$$\begin{array}{c}) \\) \\) \\) \\) \\) \\) \end{array}$$

This is to certify that I have caused to be served this day, one (1) copy of the **Rebuttal Testimony of John Malpeli and James Yokum, Jr.** by placing a copy of same in the care and custody of the United States Postal Service (unless otherwise specified), with proper first-class postage affixed hereto and addressed as follows:

Office of Regulatory Staff
Legal Department
PO Box 11263
Columbia SC 29211

Mr. Wallace G. Martin
1051 Sentinal Oaks
Lake Wylie , SC 29710

Carol Roof

April 20, 2005
Columbia, South Carolina

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SC PUEBLO SERVICE
COMMISSION

Application of Lake Wylie Community Utilities, Inc. for Adjustment in Rates And Charges for Water and Sewer Services

$$\begin{array}{c}) \\) \\) \\) \\) \\) \\) \end{array}$$

Q. Would you please tell the Commission your name and business address.

A. My name is James Yokum, Jr. and my business address is 40500-F Grand River Avenue, Novi MI 48375.

Q. By whom are you employed and in what capacity?

A. I own and operate Yokum & Co., an accounting and tax service business.

Q: Have you testified previously in this Docket?

A. Yes. I previously filed Direct Testimony in support of Lake Wylie's request to this Commission for an adjustment of its water and wastewater rates and charges.

Q. What is the purpose of your rebuttal testimony?

1 A. The purpose of my rebuttal testimony is to respond briefly to the Direct Testimony filed
2 by Roy Barnette on behalf of the Office of Regulatory Staff (“ORS”).
3

4 **Q: Please discuss Mr. Barnette’s Adjustment 18 with respect to the depreciation of**
5 **Lake Wylie Vehicles.**

6 A. Mr. Barnette addresses changes to the depreciation on the vehicles, which he details on
7 page 14 of Exhibit A-2 to the Report of the Audit Department. On Page 12 of his
8 Testimony, Mr. Barnette testifies that “the vehicles (trucks) used in the calculation were
9 allocated 50% to the Lake Wylie Mobile Home Community 50% to LWCU.” This is
10 incorrect. The three vehicles on Lake Wylie Utility's books – a dump truck, a Ford
11 Pickup and a Dodge Ram-- are 100% utility company vehicles. Therefore 100% of the
12 basis for the depreciation expense on these vehicles must be allocated to LWCU.
13

14 **Q: How should the depreciation for vehicles set out by Mr. Barnette be further**
15 **adjusted to reflect the utility’s sole ownership of these vehicles?**

16 A. Because the Ford F-150 was sold in 2003, Mr. Barnette proposes that no depreciation be
17 taken on that vehicle. I understand his rationale. However, because the Dodge Ram is
18 used solely by LWCU, the entire basis must be allocated to the utility (\$28,221) and the
19 appropriate depreciation expense for that vehicle is \$4,701.83, rather than \$2,352.
20 Thus, the total depreciation expense for “Vehicles” should be \$4701.83, which should
21 then be split equally between water and sewer operations. This change will increase the
22 Company’s operating expenses accordingly.

1 **Q: Did Mr. Barnette include fuel expenses that were allocated to the Utility?**

2 A. I don't believe so. Fuel expenses incurred during the test year for five vehicles totaled
3 \$6,825.07 on LWMHC's books. At least 40% of this amount (\$2,730.03) should have
4 been allocated to LWU, since there are 2 vehicles owned by LWU and 3 vehicles owned
5 by LWMHC. That additional expense needs to be reflected in the Company's books as
6 adjusted.

7

8 **Q. Does this conclude your testimony?**

9 A. Yes, it does.